MT LEGISLATIVE HISTORY

Chapter 382 19 83

Bill H _____ S 295 Original bill & hist. ✓ C

H. Committee on Loc. Govt. S. Committee on Bus & Ind.

Hearing Date(s)	C	Hearing Date(s)	C
3/17	✓ C		
_____	C	2/14	✓ C
_____	C	_____	C
Date Out _____	C	2/14	C

Did this bill originate in an interim committee? ___Yes ___No

Committee _____ Report _____

SENATE BILL NO. 295

INTRODUCED BY MARBUT, TURNAGE, DOVER, SEVERSON, MCCALLUM, GAGE, KEATING, BOYLAN, WALDRON, STORY, OCHSNER, MENAHAN, ROUSH, NORMAN

IN THE SENATE

nuary 26, 1983	Introduced and referred to Committee on Business and Industry.
bruary 14, 1983	Committee recommend bill do pass as amended. Report adopted.
bruary 15, 1983	Bill printed and placed on members' desks.
bruary 16, 1983	Second reading, do pass.
bruary 17, 1983	Correctly engrossed.
bruary 18, 1983	Third reading, passed. Ayes, 47; Noes, 0. Transmitted to House.

IN THE HOUSE

rch 1, 1983	Introduced and referred to Committee on Local Government.
rch 23, 1983	Committee recommend bill be concurred in. Report adopted.
	Second reading, concurred in.
rch 25, 1983	Third reading, concurred in.

IN THE SENATE

rch 26, 1983	Returned to Senate. Sent to enrolling.
	Reported correctly enrolled.

Senate BILL NO. 295

INTRODUCED BY Marlatt, Turnage, Doyle Swanson, Mahlum, Stiff, Keating, Boylan, Walker, Cramer, Menahan, Rasmussen, Norman, Day

A BILL FOR AN ACT ENTITLED: "AN ACT TO CLARIFY THAT INTEREST EARNED ON THE DEPOSIT OF COUNTY AND MUNICIPAL IMPROVEMENT DISTRICT FUNDS AND INTEREST EARNED ON THE INVESTMENT OF BOND AND WARRANT PROCEEDS OF SUCH DISTRICTS ARE CREDITED TO THE DISTRICT'S FUND; AMENDING SECTIONS 7-12-2173, 7-12-2175, 7-12-4205, AND 7-12-4207, MCA; AND PROVIDING AN EFFECTIVE DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 7-12-2175, MCA, is amended to read:

"7-12-2175. Investment of interest and sinking fund money. (1) The governing body of a county in which a special improvement district is located may invest interest and sinking fund money of the district in time deposits of a bank insured by the federal deposit insurance corporation or in direct obligations of the United States government payable within 180 days from the time of investment.

(2) All interest collected on such deposits or investments shall be credited to the improvement district fund from which the money was withdrawn."

Section 2. Section 7-12-2173, MCA, is amended to read:

"7-12-2173. Disposition of bond or warrant proceeds. (1) The board of county commissioners shall use the proceeds of such sale in making payment to the contractor or contractors. Such payment may be made either from time to time, on estimates made by the engineer in charge of such improvements for the county, or upon the entire completion of the improvements and the acceptance thereof by the board.

(2) All interest earned on the investment of bond or warrant proceeds must be credited to the improvement district fund as provided in 7-12-2175."

Section 3. Section 7-12-4207, MCA, is amended to read:

"7-12-4207. Investment of interest and sinking fund money. (1) The governing body of a city in which a special improvement district is located may invest interest and sinking fund money of the district in time deposits of a bank insured by the federal deposit insurance corporation or in direct obligations of the United States government payable within 180 days from the time of investment.

(2) All interest collected on such deposits or investments shall be credited to the special improvement district fund from which the money was withdrawn."

Section 4. Section 7-12-4205, MCA, is amended to read:

"7-12-4205. Disposition of bond or warrant proceeds. (1) The city or town council shall use the proceeds of such sale in making payment to the contractor or contractors. Such payment may be made either from time to time, on

SB 295

estimates made by the engineer in charge of such improvements for the city or town, or upon the entire completion of the improvements and the acceptance thereof by the city or town council.

(2) All interest earned on the investment of bond or warrant proceeds must be credited to the improvement district fund as provided in 7-12-4207."

NEW SECTION. Section 5. Effective date. This act is effective July 1, 1983.

-End-

MINUTES OF THE MEETING
BUSINESS AND INDUSTRY COMMITTEE
MONTANA STATE SENATE

February 14, 1983

The meeting of the Business and Industry Committee was called to order by Chairman Allen Kolstad on February 14, 1983, at 10:10 a.m, Room 404, State Capitol.

ROLL CALL: All members of the committee were present with the exception of Senator Dover who was excused.

CONSIDERATION OF SENATE BILL 295: An act to clarify that interest earned on the deposit of county and municipal improvement district funds and interest earned on the investment of bond and warrant proceeds of such districts are credited to the district's fund.

Senator A. Reed Marbut stated this is a bill which was generated because of the apparently wide spread use of developer SIDs. This bill is simply to require the counties and cities to make a very careful audit and accounting of proceeds. He is only changing existing law in two places. After submitting the bill he had some contact with some people in Missoula and he gave the committee some proposed amendments. (Exhibit No. 1) It would slightly change the concept. There are two different classes of revenue. Interest which is collected on the deposit. This interest is the interest that accrues between the time people pay their taxes and the time the coupons must be satisfied and bonds can be retired. The money sits about one or two months and they can invest that. The interest very often runs astray and goes into the general fund. He wants to give the city flexibility to satisfy SID debts. He does not wish it to go into the general fund. The amendment on page 2, lines 7 and 8 modifies it into the sinking fund so he needed this amendment. They are talking about $3-4,000 in some cities and counties. For instance an SID is formed. The bonds are sold on the engineers estimate or bonds spread. That money is then available to the city. It is possible this money will be around a year. This would be a considerable amount of money. There have been cases where the municipalities are placing that money in the general fund. These SIDs should stand on their own merits. He is including both municipalities and cities both RSID and SIDs in this bill.

There were no further proponents and no opponents.

QUESTIONS FROM THE COMMITTEE:
Senator Goodover asked how did we get along without this for all these years? Senator Marbut stated we have not gotten along. In fact there are municipalities that are using the interest earned on SIDs for the general fund. This is a very small abuse but it is significant.

The hearing was closed on Senate Bill 295.

ACTION ON SENATE BILL 295: Senator Severson made the motion that the proposed amendments to Senate Bill 295 Be Adopted. Senator Christiaens seconded the motion.

The Committee voted unanimously, by voice vote, that the proposed

amendments to SENATE BILL 295 BE ADOPTED.

Senator Severson made the motion that Senate Bill 295 As Amended Do Pass. Senator Lee seconded the motion.

The Committee voted unanimously, by voice vote, that SENATE BILL 295 AS AMENDED DO PASS.

CONSIDERATION OF SENATE BILL 392: An act to generally revise and clarify the licensing laws for certified public accounts and licensed public accountants; to broaden the board of accountants mandatory rulemaking authority; to allow the board to require accounting experience as a prerequisite to receiving a permit; granting the board authority to assess investigative costs; providing for exceptions to priviledged communications; and providing a penalty.

Senator Roger Elliott stated he was the sponsor of this bill. It is a lengthy bill but does a simple thing in the accounting section of the law. It was drafted by the Board of Public Accountants. This bill essentially sets up a different set of requirements for CPAs and LPAs in practice. There is also a little bit of housekeeping. On page 2, line 9, they struck the word "treasurer". The Board does not have a treasurer anymore since the Department of Commerce does the bookkeeping.

Senator Kolstad asked about a Statement of Intent. Senator Elliott stated yes he does have one and asked that it be with the bill. (Exhibit No. 2)

PROPONENTS TO SENATE BILL 392: George Anderson, CPA, stated he supported this bill. It segregates the right to practice as a public accountant from the certificate. If you wish to practice as a CPA you must also have that certificate. If you do not want to practice public accounting, if you want to work as a teacher or in a corporation, it still requires that you must meet all requirements as if you were practicing. We do not feel this is exactly fair. The person not practicing public accounting need not keep up in all of these areas. As the law is now, if you do not keep all of these they write and tell you to return your certificate.

Tom Harrison, Montana Society of CPAs, stated this bill does exactly what Mr. Anderson has outlined to you. He supports this bill.

Jack Dobbins, CPA, Montana Board of Accountants, stated he supported this bill. As a member of the Board of Accountancy they have had a lot of administrative problems involving this issue. The certificate constitutes the license. When you are out of public accounting they require that you return the certificate. The changes proposed in this bill will establish a permit to practice separate from the certificate. You will be able to retain possession of this certificate.

STANDING COMMITTEE REPORT

February 14 1983

MR. PRESIDENT

We, your committee on BUSINESS AND INDUSTRY

having had under consideration SENATE Bill No. 295

Respectfully report as follows: That SENATE Bill No. 295

be amended as follows:

1. Page 1, line 22.
Following: "the"
Strike: "[illegible]"
Insert: "[illegible]"

2. Page 2, line [illegible]
Following: "[illegible]"
Strike: "as [illegible] 7-[illegible]-2175"
Insert: "from [illegible] proceeds were withdrawn"

3. Page 2, line 19.
Following: "the"
Strike: remainder of line 19 through "district" on line 20.
Insert: "sinking"

4. Page 3, line 7.
Following: "fund"
Strike: "as provided in 7-12-4207"
Insert: "from which the proceeds were withdrawn"

AND AS AMENDED

DO PASS

ALLEN C. KOLSTAD, Chairman.

STATE PUB. CO.
Helena, Mont.

CHAIRMAN McBRIDE reviewed the amendments. The affect would be--instead of giving money to a county museum or to any museum acquiring collections, it is now opened up to any nonprofit museum within the county--no longer being restricted to solely county owned.

REP. HAND: We are saying one mill levy may be assessed to support private museums.
CHAIRMAN McBRIDE: The thing the bill does is raise the mill levy from one mill to two mills.
REP. HAND: We are saying that this levy can be used for private museums?
CHAIRMAN McBRIDE: Private nonprofit museums.

The motion of those in favor of the amendments was voted. The motion FAILED.

REP. DARKO: Moved that SENATE BILL 173 BE CONCURRED IN.

REP. SWITZER: I know of two rural museums that were largely started and supported by federal grants. The people who participated in the erection and fielding of these museums were doing so on a volunteer basis. Those who thought it was a community service contributed and they could continue on that basis where interest and merit were sufficient.

REP. VINGER: The county can levy a fraction of the mill?
CHAIRMAN McBRIDE: The previous law said they may levy a tax not to exceed one mill.

The motion was voted on and PASSED with REPS. SWITZER and SALES voting no.

Rep. Kitselman will carry the bill on the House floor.

REGULAR SESSION

SENATE BILL 295

SEN. MARBUT, sponsor. This bill provides that interest on the investment of RID and RSID money is credited to the fund from which the money was withdrawn. He said this legislation is intended to put a little clearer language in the use of funds generated in the SID process. More specifically, it is those funds which are produced by the counties for SID districts by investment of proceeds. There are two sections of law addressed here and amended--SID's and RSID's. As it now stands, there are two sources of revenue available in form of interest on SID funds. The first source of revenue is that generated by investment of funds which the county receives at the time taxes are paid. It is available to

the county until the coupons are clipped and the bond is retired. This is a period of 30 - 60 days. Another change--the term "improvement" is crossed out and the term "sinking" is added. The point of that amendment is that the money that was generated by the investment will remain in the sinking fund for the SID program and not be available for use in other areas of the county. Section 2, page 2 is a different fund. That is the money that is available to the county in the form of interest by investment of the bond or warrant proceeds. When the county sells an SID, that money becomes available to the county or the city and can be invested and interest earned on that money until such time as it is drawn from the fund to pay construction costs or whatever the SID costs are. During that period of time, there is some significant interest earned on those funds. It is the intent of this legislation to ensure that interest earned on that investment is returned to the fund from which it was drawn. In a few select counties, the cities or counties have chosen to put that money in the General Fund. The reason I propose this legislation and oppose that procedure is because it makes the city a partner with the developer. The money is available to run the city, hire policemen, etc.,--that is not the intent of SID's. I don't think the cities and counties should be making evaluation on SID's based on the potential earning revenue of the bond proceeds between the time of the sale of the bond and the time the money is used. The SID program should be used for the purposes intended and that is to make low interest rate money available for development and improvement of existing facilities.

PROPONENTS: None

OPPONENTS: None

SEN. MARBUT closed saying the reason it was changed from "improvement district" to "sinking" is simply because sometimes interest earned in that first category can be rather modest amounts; and if counties and cities had to go through expense of keeping all those straight between the various improvement districts, it would cost more than the money involved.

QUESTIONS:

REP. HAND: You want money to go back into the SID's and not divert it to General Fund?
REP. MARBUT: That is correct.

CHAIRMAN McBRIDE: Under current law, do they have to keep separate accounts for each improvement district. Would this allow the interest to be credited to a single sinking fund?
SEN. MARBUT: They do keep separate accounts for each improvement district. The money would be credited to a sinking fund that services these improvement districts. The original language of the law did not include either "improvement" or "sinking". It just said--such deposit of investment shall be credited to the fund from which the money was withdrawn. I wanted to specifically outline "improvement district" but was persuaded by the administrative costs that "sinking" would do exactly what I wanted to do without increasing the county's cost.

CHAIRMAN McBRIDE: On page 2, line 12, why was the language "as provided in 7-12-2175" struck and "from which the proceeds were withdrawn" added?
SEN. MARBUT: We wanted that to go back into the SID fund and not into the sinking fund.
REP. HANSEN; How much difference would that make to the General Fund?
SEN. MARBUT: The difference is probably insignificant. If there is a difference--we have been told by various county attorneys that if the cities are taking the money to the General Fund, that is probably illegal. When the bonds are sold, they are sold based upon that improvement district and any money generated from this must be returned to the district. That section was not clear--whether you were talking about bond proceeds or tax payments.

REP. WALLIN: When the money is put back in the SID, is it credited to a particular improvement district.
SEN. MARBUT: To that district for which the bonds were sold.

REP. WALLIN: We have had some problems with defaults. If this were left in the total area of special improvement district money, that might build up to help these default systems.
SEN. MARBUT: It might or it might not. That would take a whole new concept.

REP. SANDS: Would you tell me again what is the difference between sinking fund and improvement district fund.
SEN. MARBUT: The sinking fund is the fund that is used to pay the interest that the bonds are earning. That money is generated because people pay their taxes in November and that money dribbles in from the first of November to late December. Then it sits in a fund which the county invests until they clip coupons which is almost always done about the first of February. So you are looking at 30-90 days of investment of considerable amounts of dollars--short term investments by the county. That is what section 1 is about. The improvement district fund is the money within each special improvement district which is used to pay for the development and then to retire the bonds of that development as they go year by year. That is tax money, but it is kept separate. As the bonds are retired on the assessment on the property, some of that is interest rate money and some of it is bond retirement money. The most important part of that is that the special improvement district has a fund which starts out as a debt, with an obligation on the property, and works its way through to pay it off. Depending on the relationship between the interest rate earned and the amount of the actual bid, there is an item called the bond spread. So if you have land obligated to an SID; you sell the bonds; then they spread the debt throughout the district based on the sale of the bonds; then construction happens. The last three or four years, the construction b i d s have been much lower than the bond spread. The difference is money that can be invested until you get through with construction. I want that money to go back and help with the cash flow on delinquencies in that district--not countywide.

CHAIRMAN McBRIDE closed the hearing on SENATE BILL 295.

SENATE BILL 439

SENATOR, HAGER, sponsor. This bill involves the 600 foot rule which does not allow a bar or any place that dispenses liquor to be located within 600 feet of a church or school. This bill strikes the section that was known as the 600 foot rule and expands the section which strengthens the power of the local government to define certain areas where alcoholic beverages may be sold. One item was questioned on the floor of the Senate--we are giving counties power to make ordinances and counties usually work under resolution.

STANDING COMMITTEE REPORT

March 23, 19 93

MR. SPEAKER

We, your committee on LOCAL GOVERNMENT

having had under consideration SENATE Bill No. 295

third reading copy (blue color)

A BILL FOR AN ACT ENTITLED: "AN ACT TO CLARIFY THAT INTEREST EARNED ON THE DEPOSIT OF COUNTY AND MUNICIPAL IMPROVEMENT DISTRICT FUNDS AND INTEREST EARNED ON THE INVESTMENT OF BOND AND WARRANT PROCEEDS OF SUCH DISTRICTS ARE CREDITED TO THE DISTRICT'S FUND; AMENDING SECTIONS 7-12-2173, 7-12-2175, 7-12-4205, AND 7-12-4207, MCA; AND PROVIDING AN EFFECTIVE DATE."

Respectfully report as follows: That SENATE Bill No. 295

BE CONCURRED IN

~~DO PASS~~

KATHLEEN McBRIDE Chairman.

COMMITTEE SECRETARY

STATE PUB. CO.
Helena, Mont.